Research Africa Reviews Vol. 5, No. 3, December 2021

These reviews may be found on the *RA Reviews* website at:
https://sites.duke.edu/researchafrica/ra-reviews/volume-5-issue-3-dec-2021/

Aaron G. Jake, *Egypt's Occupation: Colonial Economism and the Crises of Capitalism*. Publisher: Stanford University Press, 2020. 376 pages. ISBN-10: 1503612619.

Reviewed by: Addis Gedefaw Birhanu, Emlyon Business School, France.

Introduction

Aaron Jakes has written an excellent account of the decades of occupation of Egypt by the British rulers. In eight chapters compiled in 256 pages, Jakes tightly argued the experimental model of colonial governance that the British rulers exercised in Egypt, the persistence of British rulers to enforce the model despite its repeated failures, and the tenacious struggle of Egyptians for their independence. The analysis features the role of the expansion of global finance on the political economy of this colonial relationship.

The British occupation of Egypt

Ismail Pasha, the Khedive of Egypt, was committed to gaining economic independence from the Ottoman empire by modernizing the Egyptian economy through expanding cash crops, manufacturing, and infrastructure projects since the late 1860s. The main source of loans for his grandiose development projects came from major loan houses in Europe, Britain, France, and Austria among others. This investment influx to Egypt was possible due to the American Civil War that beset investment opportunities for European investors and cotton supply to European factories. In 1876, after the war ended and the price of cotton declined, the Egyptian government defaulted on its loan. Subsequently, foreign bond representatives took control of the state’s finances and imposed austerity measures. Egyptians resisted the austerity and British rulers declared war in 1882 and placed their protractor.

Colonial experimentation and major structural changes

Jakes argued that the British occupation of Egypt was informed by colonial experimentation which he called “colonial economism.” economism characterized Egyptians as oriental people who are driven by economic self-interest but lacked the will and capacity to organize themselves for social benefit and self-governance. Grounded on this assumption, the British rulers believed that their success in the occupation would depend on how much this economic self-interest was satisfied and paid off investors' loans.

Consequently, they introduced two major structural changes in the political and economic institutions. In the political institutions, they professionalized the administration to curb what they called "oriental despotism" which they believed was the main cause for the Khedive's default on its loans. They also abolished local elections which Egyptians used to practice as a means of tempering power abuses by local officials. On the economic front, they strengthened property rights laws that permitted peasants to own land and use it as collateral to raise loans. This was marked by the establishment of the Agricultural Bank of Egypt in 1902. The bank served as a bridge to the supply of money in Europe and the demand for loans in the villages of Egypt.

Egypt in the global expansion of finance

The author provided new insight into how Egypt was placed in the international financial network and how the oscillation in the global (US & Europe) financial conditions triggered substantial changes in Egypt's political leadership, livelihood, and occupation. Ismail Pasha's interest to invest in grandiose infrastructure and the spurt of investment in Egypt was triggered by the American Civil War. As the Great Depression continued and the inadequacy of profitable investment opportunities persisted, European investors did not give up on Egypt but looked for better governance that could reduce the risk of investing in Egypt.

The British rulers filled this governance void. They set rules of the game that were familiar to European investors by strengthening property rights, institutions, and collateral systems. This institutional transformation increased the flow of finance to Egypt in the 1900s. This was also the time that stock exchanges of Alexandra and Cairo developed and served to gauge the economic wellbeing of Egypt, something unprecedented at that time.

Once again, the financial crises in the US in 1907 led to a bust in the Egyptian economy. The book revealed the prolonged tie between the US and Egyptian economies mediated by European investors. It provided a different lens to the British occupation of Egypt and its evolution overtime by highlighting Egypt's role in the global expansion of finance in the 19th century.

Egyptians' Resistance and Independence

Despite the curated measures of growth, and the rosy picture British rulers painted about the economic miracle, Egyptians had a different take on it. Providing mortgage capital at a lower interest rate to content smallholders (peasants) failed to deliver on its promises. Market-based investments prefer debtors with a higher potential to return (large landowners) and those located in fertile land with better access to irrigation. The banking sector's assessment of risk drew clear boundaries of class and geography that amplified the very form of spatial and social inequality colonial officials promised to rectify. With limited political space left for Egyptians, unrest, and peasant petitions, anti-colonial sentiment and discourse were fermenting across geography and social classes.

In March 1907, this movement culminated into a general assembly which proposed an Egyptian constitution and dispensation of power to different branches of the government. This was rejected by the British rulers, but it only escalated the opposition, protest, and violence. British rulers did not want to believe that Egyptians were demanding their political rights as that would falsify their characterization of Egyptians. They instead interpreted it as peasants' frustration resulting from economic insecurity and the mismanagement of the crisis that occurred during the war. Reiterating their colonial framework, they considered the pressure for independence as a quest of the minority educated class, not of the majority Egyptians. The British conceded part of their control over Egypt in 1922, and, finally, Egypt gained its full independence in the 1950s.

Conclusion

Jakes's analytical approach to Egypt's occupation provides readers with new perspectives on how the occupation project was designed and executed by the British rulers. The way they conceived of the occupation project, the structural changes they set up, and the narratives told depicted the experimental nature of the occupation from which lessons could be drawn to other British occupations. Though whether peasants or even the minority-elite Egyptians were economically benefited is contentious, detaching the economy from politics was a false dichotomy that fueled the resistance and finally led to Egyptian independence. There is a strong parallel between the institutions that were set by the British rulers in Egypt and the power of finance (loan), on the one hand, and the present-day relationship of lending and borrowing countries, on the other. Many developing countries receive funds from the World Bank, International Monetary Fund, and directly from developed countries. Funds that flow to poor countries with this arrangement come with preconditions on changes in the market and political institutions as deemed relevant by the funding countries/institutions.

Governments of developing countries are bound to agree on those preconditions irrespective of whether they reflect the interest of the citizens. This parallels "colonial economism": lend money, define the priorities of borrowing nations, and control governments to follow through on those priorities. If governments repudiate, different hurdles are set to force those governments to accept the preconditions. These hurdles may amount to destabilizing those countries and removing such leaders. The stickiness of this global order is more profound than we would like to believe. It is well and alive several decades after the end of the colonial era.

ISSN 2575-6990